

No-Nonsense Strategy

How stimulus, stories, and stamina
will see your strategy succeed.



New chief tasked with reshaping strategy of world's biggest manufacturer

Fixing strategy is one of the priorities for car maker's new chief

Anglo-Australian group rethinks strategy in race to extract metal vital for clean energy transition

Advertising strategy revamped to lure brands and boost revenues

The CEO of home-healthcare unit shares how a new tech strategy will help grow the business

Shareholders question strategy but chair says foundries outside region can help maintain global leadership

Every new CEO or C-suite leader begins with a mandate to prepare and execute a new strategy. To change direction. Do things better. Search for 'strategy' on any financial or business news site and you'll see their promises, hopes, and expectations writ large in the headlines.

However, new business strategies don't always deliver. Our recent survey of business leaders has revealed some of the reasons why.

Key Findings

- **Strategy is not well understood at all levels of the company.**
- **Strategy is rarely discussed outside of the executive team, boardroom, or town hall announcements.**
- **The vast majority believe that strategy should be kept simple and repeated frequently, but too few do this.**
- **Strategy development is very much the preserve of the executive team.**
- **Yet the two biggest challenges when devising and realising an effective strategy were felt to be lack of management bandwidth and silo thinking.**

But there are also as many reasons why they do succeed. Included in this report are some case studies that illustrate how and explain why. In fact, throughout this report, in typical PM style, you'll discover the pitfalls to avoid, practical advice to heed, and some fresh thinking too. We've also drawn on the insight of our key contributors.

Key Contributors

Matteo de Renzi

CEO,
Gett



Gus Park

Managing Director,
AA Insurance Services



Roger Hattam

Director of Retail Banking,
Triodos Bank





Success or failure, one thing that's all too rarely acknowledged is just how daunting, and sometimes overwhelming, the whole process can be, especially if you don't have a team or an ally by your side to help you shape, plan, and execute that strategy. As we discovered, many prominent business leaders lean on a strategic advisor. What's perhaps more surprising is that so many more don't.

Whoever you work with on the construction of your strategy or lean on for support in its execution, they should help you with the three things that every modern business strategy needs: stimulus, stories, and stamina.

STIMULUS

Strategy is a living entity. It should breathe life into your business. To flourish and thrive, it needs to be constantly fed with live data, fresh thinking, and bolstered by new technology.

STORIES

Stories make your strategy memorable. They illuminate a brand's identity, values, and purpose. They also enable organisations to connect with every stakeholder on a deeper, emotional level, and when told authentically, they help build brand loyalty too.

STAMINA

COVID, Brexit, Ukraine. Inflation, the climate crisis, mental health. Hybrid working, supply chain security, AI. If you've led a team or run a business over the last decade, you'll know that success demands resilience, adaptability, and a commitment to staying the course in a time of high volatility, existential threats, and the rapid pace of change.

THE IMPORTANCE OF STRATEGY

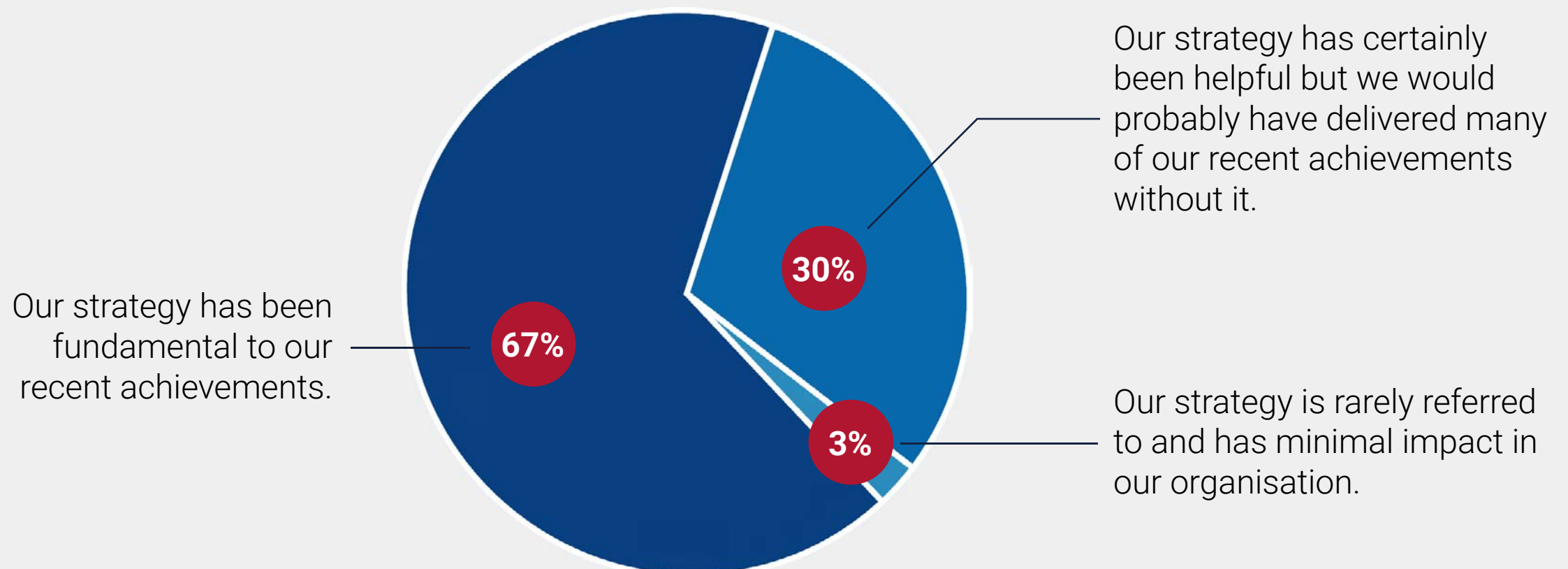
"Done well, strategy provides alignment between all aspects of a business from shareholder management to annual budgets, to incentive plans, to talent management, to operational measurement and performance."

Phil Rance, Positive Momentum Partner

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of our respondents said that their strategy has been fundamental to their recent achievements.

THINKING ABOUT HOW YOUR STRATEGY CONTRIBUTES TO SUCCESS, WHICH STATEMENT WOULD YOU SAY IS MOST TRUE?



Source: Positive Momentum Strategy Survey 2023.

Strategy is about boundaries. The furthest ones.

- When it comes to your ambition - your company, your team, or even you personally - where is your horizon?
- What are the outer limits of your capabilities?
- Where will you play? In which markets will you compete?
- How will you win?
- How do you want to be remembered? What will you be most proud of?

With boundaries defined, strategy becomes about choices, because you can't do it all.


Once you've scoped the possible, it's about putting plans in place to make it probable. Strategy shortens those odds.

"Sometimes you'll see plans disguised as strategy. If the world isn't changing and you're quite good at executing, you can probably get away with just having a plan for a bit. However, a good strategy will draw out the real choices you need to make. It will also set out who you're creating value for and how. If you can't answer those questions clearly, you don't have a good strategy", says Gus Park, Managing Director, AA Insurance & Financial Services and ex-strategist at Boston Consulting Group, Bradford & Bingley, and RBS.

With inflationary pressures and post-COVID (and post-Brexit) businesses and economies in recovery, every penny spent and earned matters. It's imperative that you're on the right strategic path and that you review your course more frequently than before because the margin for error is becoming finer.

3 THINGS THAT EVERY MODERN BUSINESS STRATEGY NEEDS

STIMULUS



If a strategy is to be successful it can't just sit in a drawer. It should energise your business. Help make every day operational decisions easier. And be flexible enough to adapt to changing market conditions. To do this requires constant stimulus.

LIVE DATA

“Plans are useless, but planning is indispensable.” General Eisenhower.

Whichever analogy you prefer, military, sporting, or even the trading floor, what’s clear is that the most successful teams usually work with the latest and richest data.

Given the importance of preparedness and the complexity of the playing field, with so many moving parts from customers to regulators, if you only refer to your strategy every 3, 6, or 12 months, it might already be too late to make the necessary adjustments. Live data is Red Bull for your strategy. It will give it wings.

At Gett – the ground transportation platform/ride hailing App – everything they do produces data.

“We have so much live data, that the challenge is to separate the noise from the signal”, says Matteo de Renzi, CEO of Gett.

He also places a significant emphasis on leading indicators – NPS; their commercial pipeline; customers’ and drivers’ intention to join - as well as making assumptions about future trends including home working patterns; the impact of large infrastructure projects (such as the Elizabeth Line on Heathrow rides) and - given the nature of the business - the weather.

“I was told that when it reaches 26 degrees in the UK, rosé sales spike! Weather is just one of the variables that impact our business. When it’s very hot or very wet, people use taxis far more than usual.”

Operational efficiency and service excellence demands that they match supply to demand in real time, so the richer the data, the better.



OUR ADVICE

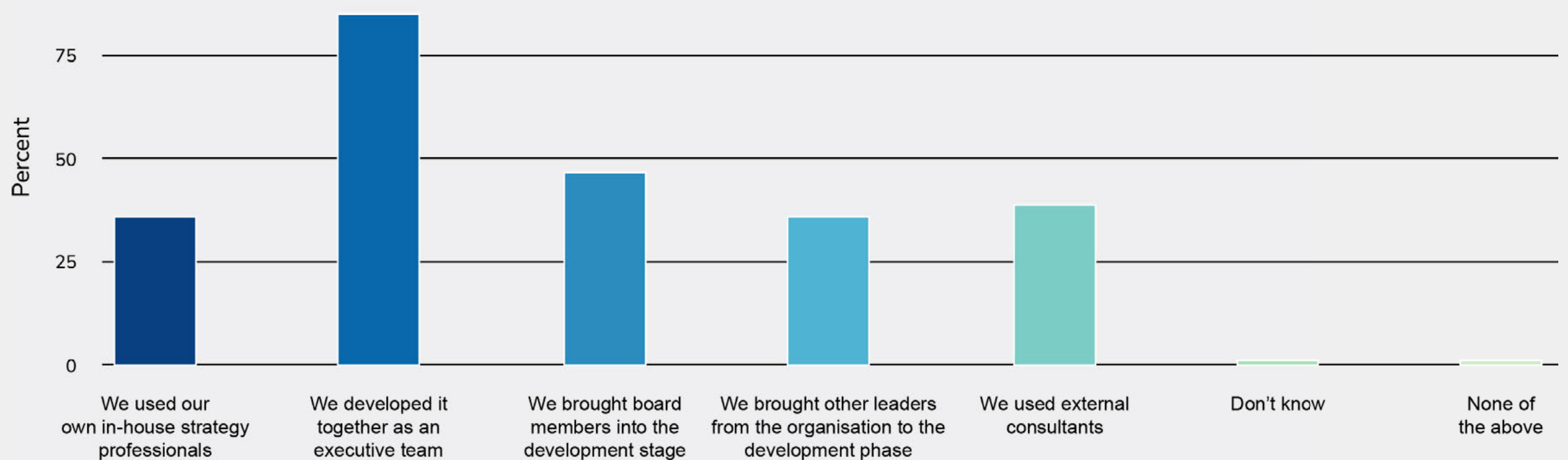
Whichever way you structure your business, do everything you can to ensure information travels through it as quickly as possible.

Jensen Huang, at NVIDIA, takes the use of live data to the edge, with no formal planning cycles, no 5 year or 1 year plan. Instead, they constantly re-evaluate based on changing business and market conditions. He believes that the flattest organisation is the most empowering one. He has as many as 40 direct reports but no 1:1s. Everything happens in a group setting. He doesn’t use status reports, as they are too refined and out of date. Anyone can email him their ‘top 5 things’. He reads 100 of them every morning.

FRESH THINKING

85%**developed their strategy together as an executive team.****But only...****47%****brought in board members to the development phase.****And only...****36%****brought in other leaders from the organisation to the development phase.**

HOW DID YOU DEVELOP YOUR CURRENT CORPORATE STRATEGY?



Source: Positive Momentum Strategy Survey 2023.

Strategy development is very much the preserve of the executive team, almost to the exclusion of others. Would your strategy benefit from fresh thinking, different perspectives, and a broader range of inputs in the development phase?

Lucy Johnson, Positive Momentum Partner, and ex-Barclaycard MD and Hastings Direct Chief Commercial & Marketing Officer, certainly believes so.

"I've found that if you take a talented group of future leaders and ask them to explore a specific sub-topic, not only do you get fresh thinking and new ideas, that are tested through the organisation as you go, but you also create buy-in for the final strategy when it's complete."

Roger Hattam experienced this first-hand, when he embraced reverse mentoring with his then digital technology and programme team, prior to becoming Director of Retail Banking at Triodos Bank.

“It was partly about learning and development for them, but I found it a really stretching experience for me. It not only helped plug gaps in my technical and programming knowledge, but it challenged my assumptions and gave me new perspectives and ideas.”

Sometimes finding better solutions, starts with the way you frame the challenge. A universal goal is increasing customer loyalty. But what does loyalty mean? And how is it measured: frequency, volume, price, share of purchase etc.? Once you consider the different inferences of loyalty (see diagram below), so the ideas and solutions begin to reveal themselves. Costco drives loyalty through allegiance and its club membership (2022: Costco membership fee revenue = \$4.22 billion). Religions through devotion (and obligation). Financial institutions through implicit trust.

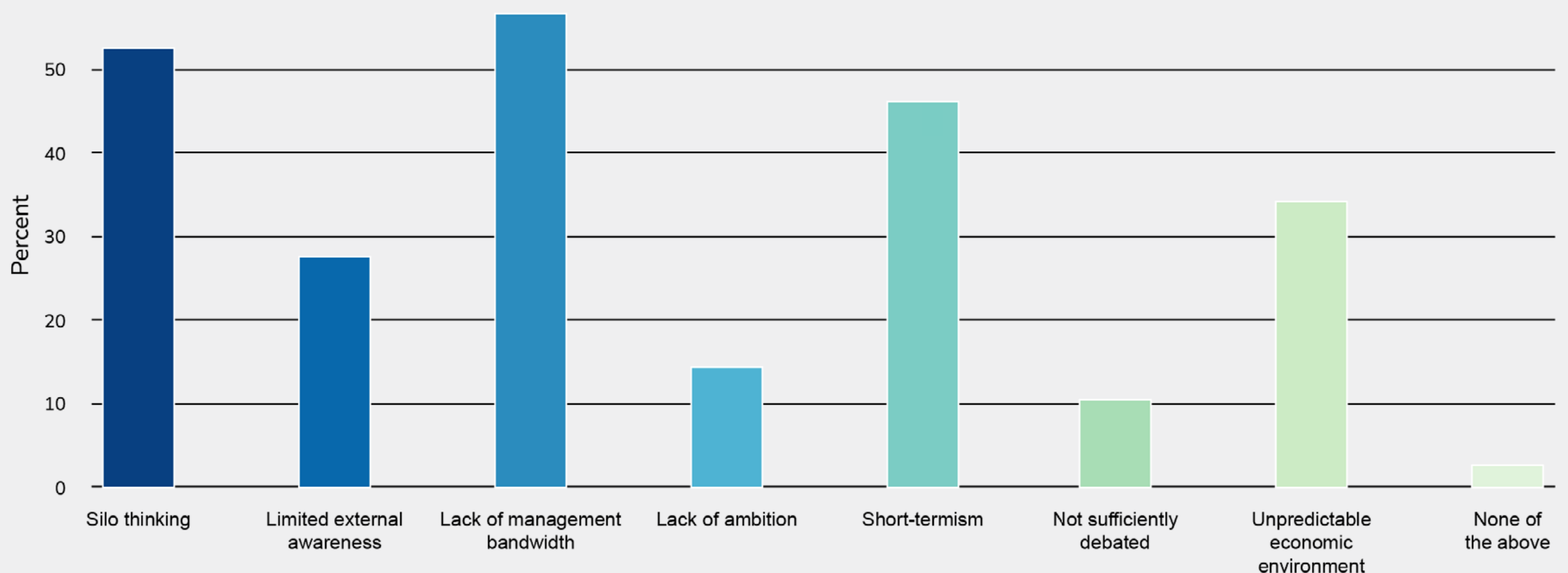


“The risk with customer research is that it is very often tailored to an internal need or some brand tracking when perhaps the most useful research can be around unmet needs or frustrations. It’s here you’ll find the fresh thinking, that will generate value for customers. This isn’t done well enough by most corporates” says Gus Park from the AA.

53%

of leaders we surveyed said that silo thinking was one of the biggest challenges they faced when devising and realising an effective strategy.

WHAT ARE THE BIGGEST CHALLENGES YOU FACE IN DEVISING AND REALISING AN EFFECTIVE STRATEGY?



Source: Positive Momentum Strategy Survey 2023.

Fresh thinking and creative ideas, often come subconsciously. Google's much lauded "20% time", where engineers and others had the latitude to work on problems outside of their day-to-day tasks and responsibilities, was more of a mindset than a literal allocation of time but the principle remains. Working on other projects stimulates creative juices and furnishes your team with new skills and experiences, that will be useful in the future.

The Body Shop founder Anita Roddick was a business disruptor. She would bring poets, preachers, and tribal leaders to her town hall meetings, to ignite fires in the hearts of her staff, that in turn would inspire new product, comms, and campaign ideas.

To some F1 is the epitome of self-indulgent, environmentally irresponsible, machismo. However, F1's relentless focus on excellence in both car performance and safety has brought, amongst other things, carbon fibre technology, hybrid powertrains, and aerodynamic design to the mass market, resulting in the safer, more fuel-efficient, hybrid cars we drive today.

OUR ADVICE

Share the company's greatest strategic challenges and goals with more of your team, then give them time and space for their creative subconscious to find solutions.

Given their unique perspective, governance responsibilities, and strategic experience, it's surprising that more board members and NEDs aren't brought into the development phase of corporate strategy, particularly if their skills and experience come from outside your industry. They'll bring a fresh perspective. Use them.

Look outside your industry and up and down your supply chain for inspiration, ideas, and new tech solutions.

But look inside first. Identify your future leaders and seek out colleagues with specialist skills and experience as they will have a huge amount to contribute to your strategy.

COMPETITIVE INSIGHTS

“I can’t be an intelligent owner of a business unless I know what all the other businesses in that industry are doing.” Warren Buffett.

Most companies are good at paying attention to what their competitors say and do: annual reports, speeches, press releases, social listening, ad analysis, price and promo activity etc.

But too few take it further. What assets, resources, and capabilities do they have that are different from you? Who are their decision makers? Who’s on their leadership team? Leaders have playbooks built on their skill set. If the CEO is a marketer, engineer, or financier, they will often lean into their area of expertise and that can become the focus of their business. Factor that in.

“I’d always recommend choosing a small number of key competitors but really get under their skin”, says Lucy Johnson. ***“Once you do, your team will be able to talk fluently about how and why your competitors might win and how you can compete against them. If you don’t, there’s a risk you’ll underestimate your competitors and then fail to build a strategy that can respond to, and compete with, them”.***

OUR ADVICE

Treat competitive insight the same as customer insight. Be as thorough.



Apply the same approach to other key stakeholders: supply chain, regulators, investors etc. If they are key to the success of your strategy, you need to know them as well as you know your customers.



Understanding your key stakeholders better is only half the challenge. They also need to be aligned with your strategic objectives. Our research revealed that only 50% used or discussed their business strategy with key customers, partners, or suppliers.



Embrace game theory. War game some likely scenarios, so that you’re prepared to mitigate risks and maximise opportunities. If your competitors wanted to kill your new product launch, could they? How would you kill it if you were them? That UX, payments, or tech project you’re planning – what if Google or Apple are already working on it and fix the problem/opportunity you’ve identified before you do?

NEW TECHNOLOGY

Step changes in innovation, differentiation, efficiency, productivity, and ultimately profitability, almost always require the adoption of new technology. Intellectually and physically, it's the key stimulus in any business strategy. But how pro-active are you in seeking out new technology? Does the tech eco-system that develops these solutions come to you or your competitors first? Or are you pushing your tech partners to help give you some competitive advantage? How might AI improve your business?

Consider these questions but then be clear about where new technology will enable you to win. Then focus your efforts in that space. If, for example, operational efficiency is where you will win, seek out new technology, then invest, test, and learn.

“The impact of technology has become an essential input to strategy development for any company, especially when big disruptions are underway, as with AI currently. It’s hard to get the timing right, but as with the internet revolution of the 90s and the mobile revolution of the 2000s, businesses have the potential to be blindsided”, says Phil Rance.

OUR ADVICE

Seek out tech solutions. Ask every department head how new technology – including AI - could improve their operational efficacy and help you achieve your strategic goals. Technology should help give you some degree of cost leadership advantage but only if you're focused about which areas of your business to invest in. A scattergun approach to tech investment can be a drain on human and financial resources.

Divert more of your resources and give more responsibility to tech forward offices and countries e.g., India. Let them lead.

ACCELERATE THE PROCESS

The construction of your strategy needn't, nor shouldn't, take very long. Accelerating the process is itself a key stimulus, bringing energy, momentum, and value (it becomes both urgent and important) to your strategy. It can be done in just a few days (see case study below).

"Acceleration" Case Study:

"WOW! WE JUST BUILT A £5BN BUSINESS STRATEGY IN 3 DAYS"

Positive Momentum sat down with a global tech business, who had been handed an ambitious 5-year sales target by the board and asked to work out how to get there. They had a business of substance, great ideas, and an experienced team with a healthy amount of scepticism. To move this project forward they needed a strategy. We needed to know if their capabilities aligned with their ambition and if they didn't, how they were going to acquire them. We also needed lots of buy in.

It's harder to get buy in when you're being asked the questions by your boss. Cognitive bias means that you're less likely to be honest. Less likely to challenge. And sometimes, less likely to put forward new ideas. With a neutral facilitator and experienced business leader, skilled in empathy and coaxing out fresh thinking, you can get to a summary of solutions quicker than you might think.

Critical evaluation – throwing stones at it – gives your team a chance to identify both challenges and opportunities. Providing time and space to do this typically results in better alignment between strategy and execution. It also ensures adequate resource allocation and prioritisation.

Here's how the 3 days played out:

Day 1: Executive Team

- AM1: Team health check and agree behaviours for the event.
- AM2: £5bn goal. Debate and align on the headline maths.
- PM1: Build 3-5 actionable strategic priorities. Boundaries and choices.
- PM2: Determine 1-2 measurable objectives for each strategic priority.

Day 2: Executive Team

- AM1: Critical review of Day 1. How does it look having slept on it? Let's throw some rocks at it to see how it holds up to scrutiny.
- AM2: Determine the horizontal enablers that serve all the strategic priorities. Make sure we have the resources and capabilities to make it happen.
- PM1: Agree accountabilities and high-level action plans for each strategic priority and enabler.
- PM2: Strategic progress communication planning.

Day 3: Broader Leadership Team

- AM1: Collaboration workout.
- AM2: Sub-group sessions: understanding, not ideation sessions.
- PM1: Develop beginning of an action plan with group playback.
- PM2: Spark passion for UK strategy.

At the end of the three days, not only were the team bought in, but they were starting to build action plans for executing the various strategic elements.

OUR ADVICE

After a successful, collaborative planning session, keep the momentum up, with monthly to quarterly action plans.

STORIES

"Strategy is a story. You're writing the latest chapter in your company's history - it's a quest to a destination, your colleagues are the protagonists who'll have to navigate a series of obstacles and challenges along the way, and like all good yarns, there's jeopardy too - a prize if you make it, a consequence if you don't." So says Julian March, who's long been crafting stories at Sky News, ITV, NBC, and as Future plc Managing Director before becoming a Positive Momentum Partner.

THE SAME HYMN SHEET

80%

80% said that strategy was not well understood at all levels of the business.

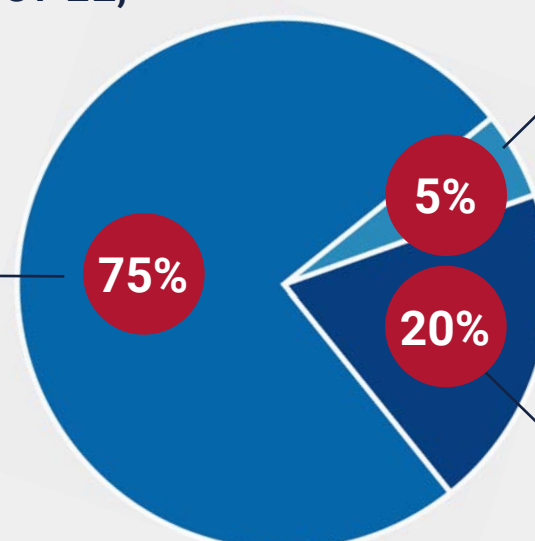
And only...

26%

said that most leaders beyond the executive regularly referred to strategy.

THINKING ABOUT STRATEGIC ALIGNMENT AMONG YOUR PEOPLE, WHICH STATEMENT WOULD YOU SAY IS MOST TRUE?

Some areas of our organisation understand our current strategy well but others less so

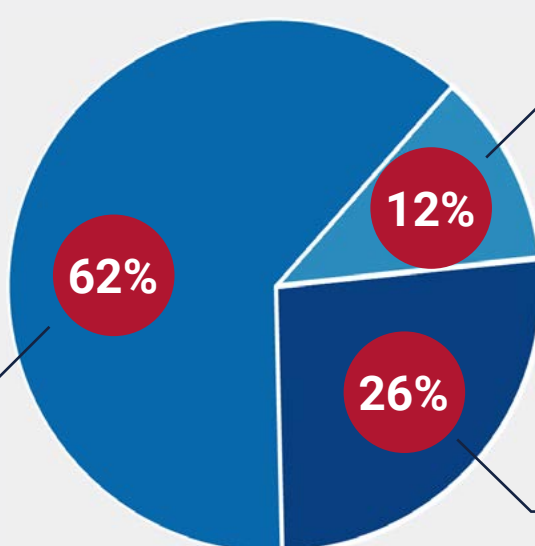


Our strategy is not well understood inside our organisation

Our current strategy is well understood at every level of our organisation

THINKING ABOUT HOW LEADERS BEYOND THE EXECUTIVE USE YOUR STRATEGY, WHICH STATEMENT WOULD YOU SAY IS TRUE?

Some leaders use it often but others less so



Rarely used by leaders beyond the executive

Most leaders refer to it regularly

Source: Positive Momentum Strategy Survey 2023.

To embed and execute your strategy successfully, everyone in the organisation needs to be aligned. When fewer than 20% of respondents say that their current strategy was well understood at every level of the organisation, with the vast majority (75%) conceding that understanding was patchy (understood by some but not others), then “Houston, we have a problem”. And the chances are that this is a communication problem.

“Everything your business does every day should be in service of your strategy. If it’s not, you’re either veering off course of your current strategy, or you need to ask yourself if the current strategy has set the right path” says Positive Momentum Partner, Julian March.

OUR ADVICE

Use technology and existing comms structures to involve more of your team, both up and down your organisation, in strategy development.



This is particularly important if your corporate strategy is set centrally, with strategic plans then handed out by geography. There are always wrinkles unique to a country or region, that can only be ironed out by your local teams. Much better to capture these in the development phase than fix them in the execution.



In addition to aligning the broader team with your strategic objectives earlier, it's also a learning and development opportunity for your future leaders.



Constantly evaluating your performance – the importance of live data – and ensuring that it is aligned with your strategy is key. If you're 1° off course, you'll end up a long way from where you want to be.

75%

say that you should repeat the strategy regularly and by different means, so that it's understood by every stakeholder group.

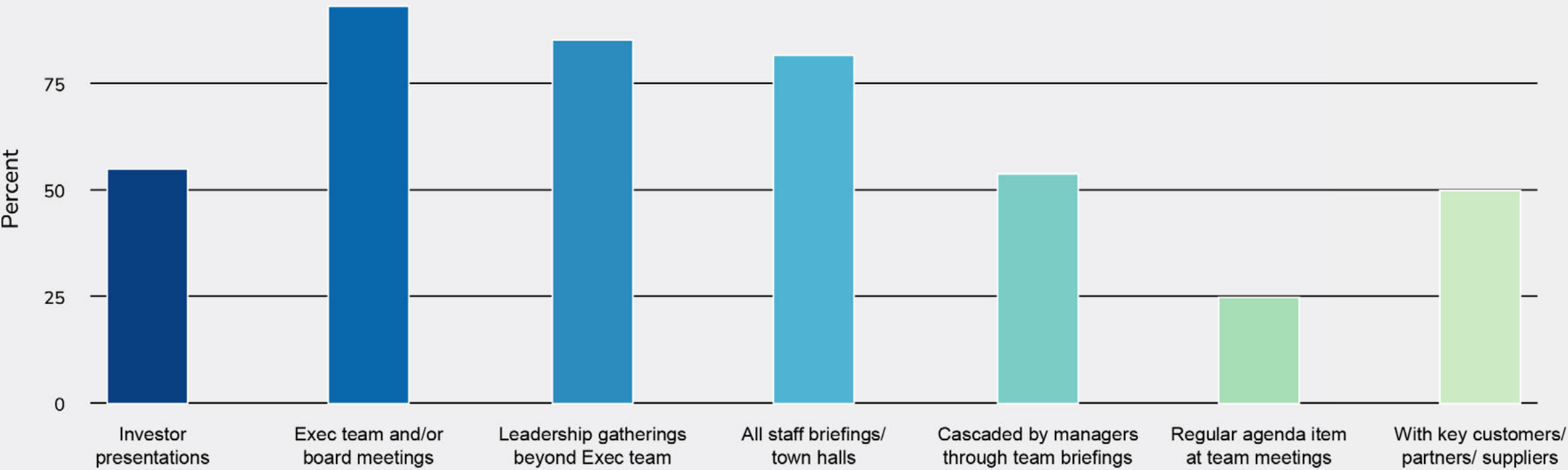
54%

cascade their strategy by managers through team briefings.

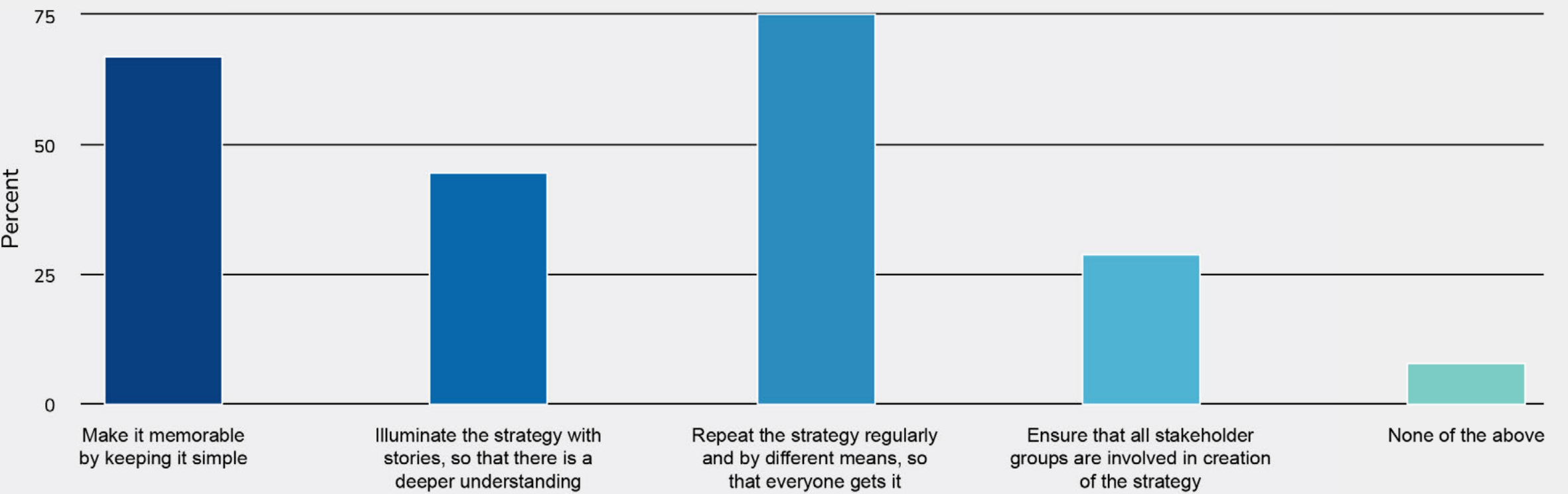
25%

of team meetings refer to business strategy.

THINKING ABOUT HOW AND WHERE YOUR STRATEGY IS USED, WHERE DOES STRATEGY GET DISCUSSED?



HOW DO YOU ENSURE THAT YOUR STRATEGY IS UNDERSTOOD BY EVERY STAKEHOLDER GROUP?



Source: Positive Momentum Strategy Survey 2023.

RETELL YOUR STORY

Strategy is a story that should be retold with a frequency that resonates with all your stakeholders. Yet our survey revealed that only 26% of leaders refer to it regularly.

The vast majority (more than 82%) of companies are good at discussing strategy at executive team and board meetings, as well as presenting it at all-staff briefings or company town halls. But the follow up could be better. Only 54% saw their strategy cascaded by managers through to team briefings, with it being a regular agenda item at only 25% of team meetings. Whilst only half shared it with key customers, partners, or suppliers.

GET YOUR STORY STRAIGHT

It's critical that your strategic story aligns with economic expectations, particularly those of your shareholders. As Matteo de Renzi from Gett points out:

"The mistake is to craft the strategy, then fail to check whether it is compatible with your short-term financial requirements. If you feel that you are going north just because this is your strategy, but all the lagging indicators are telling you that you're going south, it becomes difficult to justify yourself, as a leader, and your strategy to your stakeholders".

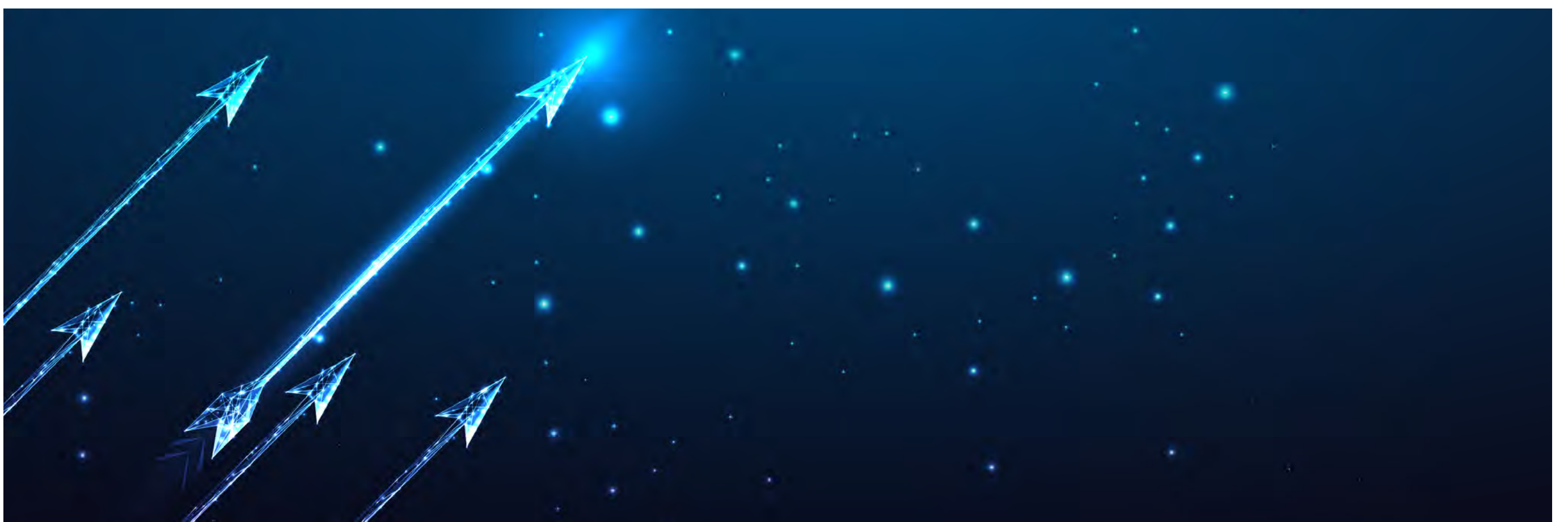
A point underlined by Gus Park from the AA: ***"In trying to persuade the market to value you more highly, you commit to certain things, which can then hem you in. If the world changes – interest rates, regulation, COVID - but you're still trying to make good on your prior commitments, you're in trouble."***

You need to have flex in the promises you make.

This was an experience Roger Hattam saw first-hand at npower.

"Internally we were in the middle of an all-consuming process to overhaul our systems and operational performance, whilst at the same time leadership were making service promises to our customers and financial commitments to our parent shareholder. These were well-intentioned and designed to create some space to deliver our strategy. In reality it set an expectation that we couldn't deliver on as quickly as our customers or our shareholders were expecting."

You've got to get your story straight.



DIFFERENTIATION

67%

said you should make strategy memorable by keeping it simple.

37%

Yet only...

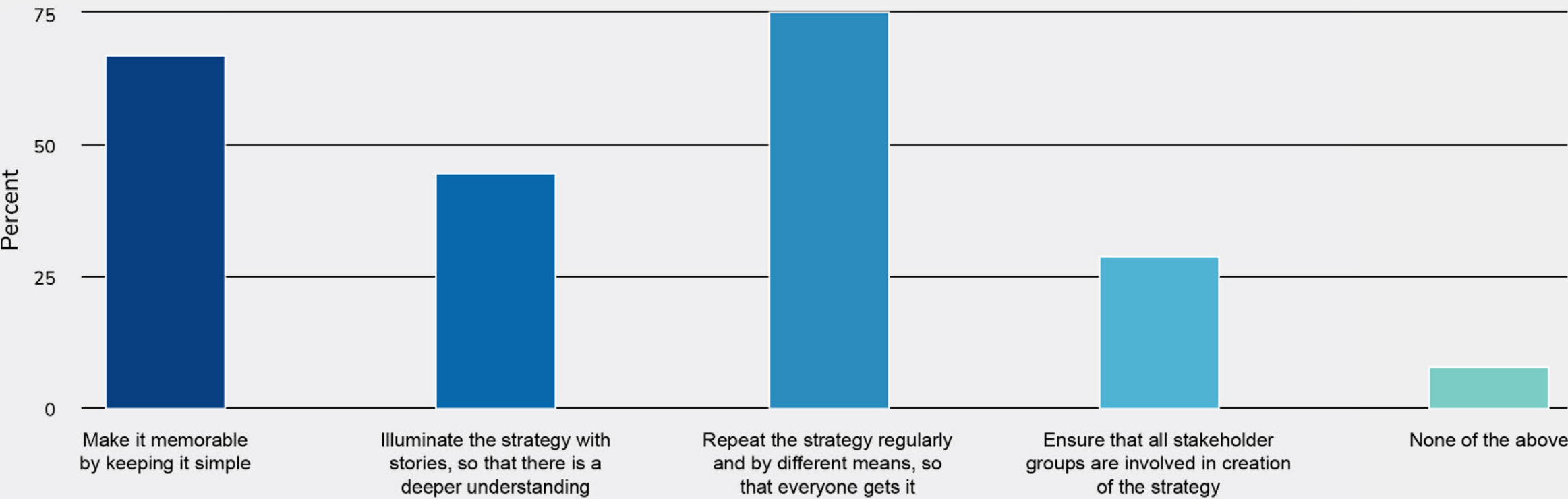
had a 1-page, synthesised summary of their strategy.

27%

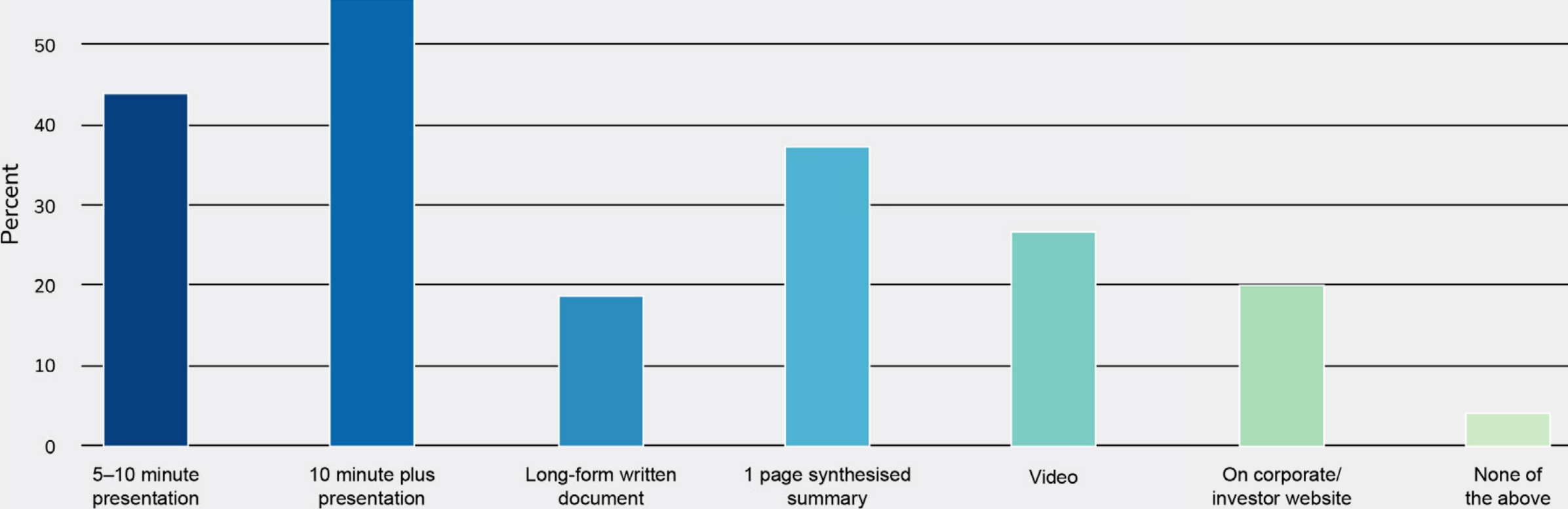
And...

had a video presentation of their strategy.

HOW DO YOU ENSURE THAT YOUR STRATEGY IS UNDERSTOOD BY EVERY STAKEHOLDER GROUP?



WHAT FORM DOES YOUR STRATEGY COMMUNICATION TAKE?



Source: Positive Momentum Strategy Survey 2023.

Having a unique story – a point of difference - helps you command higher margins and attract capital investment. It also helps embed your strategy with your stakeholders, internal and external.

Too few (45%) illuminate their strategy with stories that would give stakeholders a deeper understanding. But this is something that Triodos Bank excels at. As a leading expert in sustainable banking, their mission is to make money work for positive change, in sectors that range from energy transition and the circular economy to social housing and sustainable farming. Heart-warming stories from their deeply engaged and connected community illustrate their values, their purpose and their business strategy.

“People are crystal clear about our strategy, who we are and why we do what we do” says Roger Hattam. “Not only are their stories of ethical investment emotionally powerful, but they are also retold again and again.”

“We cascade our strategy from twice yearly leadership town halls, down through every department and then more informally at our weekly Triodos Community Meetings, where we highlight a customer of the week and celebrate colleagues and teams that have demonstrated the values that underpin our strategy.”

“You’ll regularly hear colleagues, up and down the business, talk about how we ‘change finance, finance change’”.

OUR ADVICE

Make strategy an agenda point in all your team meetings.



Communicate your strategy repeatedly: post it on your office walls; add it in your email boilerplate; talk about it to others.



Only 37% have it down to a 1-page synthesised summary. Write it, so that it can be easily retold to others. Enrich it with strategic intent e.g., Tesla’s “to accelerate the world’s transition to sustainable energy”.

"JFK" Case Study:

Simple. Memorable. Inspiring.

80% of business leaders we surveyed said that strategy was not well understood at every level of the business. Communication is critical. As is buy in.

"We choose to go to the Moon in this decade and do the other things, not because they are easy, but because they are hard. Because that goal will serve to organise and measure the best of our energies and skills, because that challenge is one that we are willing to accept, one we are unwilling to postpone and one we intend to win."

It was this rousing speech by US President John F. Kennedy (JFK) to the students, and accompanying media, at Houston's Rice University on 12th September 1962 that would come to define a generation. It galvanised a nation, imparting them with a can-do attitude and a confidence that continues to this day. It was part of a comms strategy that was perfectly aligned with the project and from which there are lessons for every new strategy.

1. **Provide a clear and specific goal**

Put a man on the moon in the next 7 years.

2. **Be bold in your ambition but be transparent about the risks, the demands, and the commitment required.**

It will be hard, there will be setbacks, and challenges, but we will accept them.

3. **Celebrate milestones**

The moon landing was the culmination of a series of smaller projects, that led to the final goal. Celebrating milestones marks progress, energises your stakeholders and in some instances debilitates your competitors.

OUR ADVICE

Be more JFK.

STAMINA



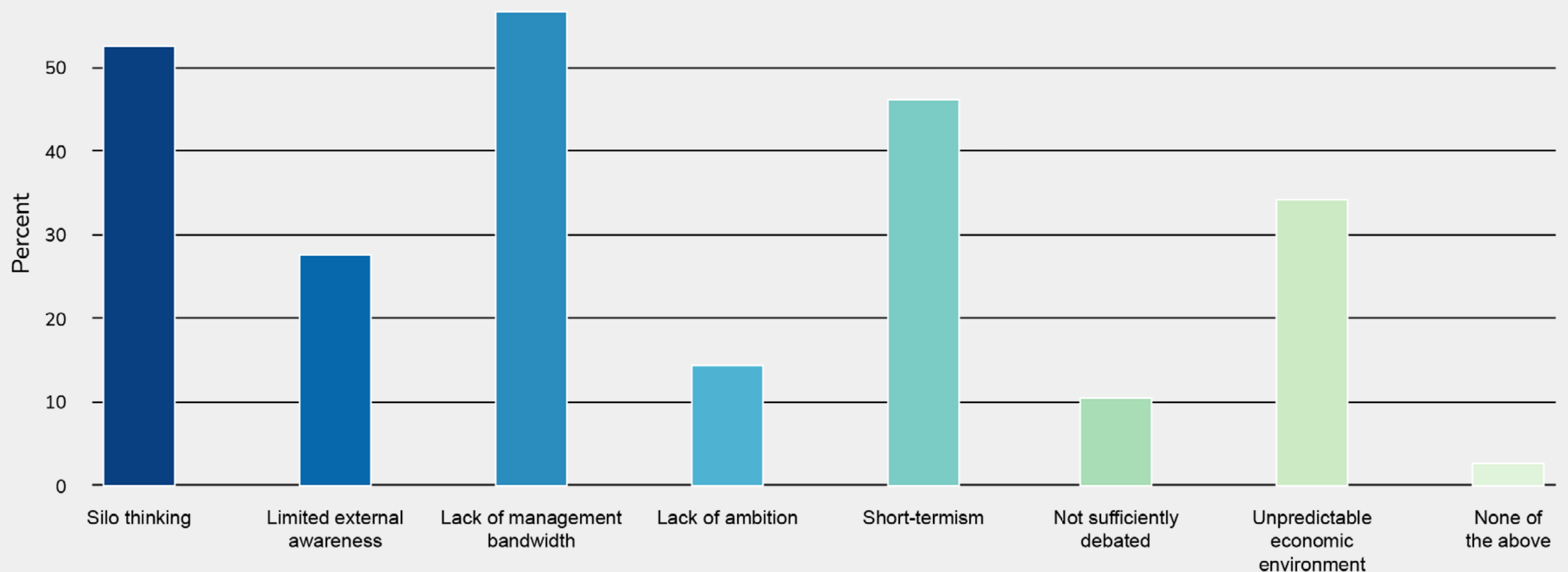
Stamina is more than just staying power. It's about being equipped to climb the mountain.

FLEXIBILITY & AGILITY

57%

said that lack of management bandwidth was one of the biggest challenges in devising and realising an effective strategy.

WHAT ARE THE BIGGEST CHALLENGES YOU FACE IN DEVISING AND REALISING AN EFFECTIVE STRATEGY?



Source: Positive Momentum Strategy Survey 2023.

In the face of market and geo-political volatility you need a strategy with sufficient flexibility to adjust, and a team agile enough to take advantage.

That agility will come from the make-up of your team and the necessary skills and experience to pivot quickly. If for example you can see that AI will be both an opportunity and a threat to your business, do you have the AI expertise in house or close at hand to play defence and offence? Or if sustainability is a core tenet of your strategy, do you have the capabilities across every division or department or is it siloed and the sole responsibility of a smaller, separate team?

“The digital revolution is about many things, but one of them is embedding agility into strategy execution. Product development cycles measured in weeks not years allow teams to adapt what they deliver, while staying true to strategic goals. This approach can enable pivots in the business model for start-ups or rapid response to changing priorities as we saw during the pandemic. The strategy remains the same, but the execution is flexible”, says Phil Rance.

In McKinsey’s The State of Organisations 2023, only 5% of businesses surveyed felt that their organisations already had the capabilities they needed. If you can’t execute it, then don’t include it in your strategy. If you can acquire or develop those capabilities, then do.

JFK’s mission to put a man on the moon (see case study on page 21) before the end of the 1960’s was a great example of the brilliant communication of a strategic vision. But it was also an example of how they developed the skills, technology, and engineering they needed to achieve their goals. They made sure their capabilities were aligned.

A sentiment echoed by Matteo de Renzi.

“You cannot create a strategy that is incompatible with your capabilities but if you build a strategy only on the capabilities you have today, then it will lead to a very uninspiring plan.”

DYNAMIC ALLOCATION OF RESOURCES

Agility will also come from your systems, processes, and most importantly the speed at which you can reallocate resources (mostly finance) to maximise the best opportunity. How quickly can you move your ad spend from one product to another? Can you redirect production, tech development, or people just as smartly? How dynamically can you trade?

“For every CEO, one of the most important decisions you have to make is where to put your capital: people, product priorities, organic and inorganic opportunities for growth etc. We are a growth business, so any decision linked to our growth goals, needs to link back to our strategy”, says Gett CEO, Matteo de Renzi.

“The allocation of resources is critical but, in our business, (insurance and financial services) those key decisions are all around trading. Volume, margin, and profitability. When to pull back and when to push,” says Gus Park from the AA.

OUR ADVICE

Build flexibility into your budget, and financial review processes, so that you can quickly identify when to reallocate resources. Have the courage to implement these changes before your competitors do.



Ensure key leading indicators are built into your forecasting and budget process.

FOCUS

Stamina can also mean having an unwavering focus. Something both Netflix and Amazon have when it comes to technological advancements and customer satisfaction and Triodos Bank use to give them a clear point of difference and a deeply engaged customer base.

As a values-led organisation, who clearly define both where they will play and how they will win, Triodos Bank have a focused strategy on a niche segment of the finance market, investing the deposits taken from retail customers, and some SMEs, in sectors that make a positive societal change. They literally put money to good use.

“We have led the market when that market didn’t exist. Our strategic challenge is to stay relevant in the market as others enter this space”, highlights Roger Hattam.

“To get the hockey stick up tick, sometimes you need to hold your nerve and your strategy. You need to have leading indicators that give you some comfort. People frequently fail to define and closely monitor leading indicators, and instead rely on lagging indicators, but they only tell you what you did last month”, says Matteo de Renzi.

Matteo’s experience at bp pulse, and their investment in EV charging is a case in point. The lagging indicators from EV (electric vehicle) charging revenue will have been low but leading indicators e.g., how many customers will buy an EV when they next change their car, and how many EV owners would go back to petrol, overwhelmingly supported their continued investment and strategic allocation of capital.

ALLIES

To execute and embed your strategy, you need stamina and support, particularly if there is likely to be some resistance to the changes you’re looking to implement. You need allies throughout the organisation.

AG Lafley, former CEO of Procter & Gamble, is widely regarded as one of the most successful CEOs of his time. A key factor in his success was his partnership with renowned strategy expert Roger Martin. The two formed a close bond and were in constant dialogue about strategy, putting aside two days a quarter, to work on nothing but strategy.

Lafley had Martin. Steve Jobs had Bill Campbell and Jeff Bezos turned to Tom Alberg for strategic advice.

“I rely heavily on my chairman, and some of my board members”
says Gett CEO Matteo de Renzi.

“We draw on our NEDs for both strategic and semi-strategic support e.g., around climate change reporting” says Roger Hattam from Triodos Bank. ***“We also get quite a lot from others in our eco-system - B Corp, Global Alliance for Banking on Values, the Green Finance Institute – who provide market knowledge and insight on regulatory and government policy changes.”***

“I always think it’s worth businesses investing in their own strategy function not only as a means of getting better strategy and improving its execution, but it also provides a talent pathway”, says Gus Park from the AA.

OUR ADVICE

To climb Mount Everest, you need at least one sherpa (see “Sherpa” case study on page 26). The best ones are part strategist, part facilitator, and part coach and mentor, with a large dollop of operational experience and expertise on top. If you can, create a strategy team – department heads, NEDs, external resource if you need it – to help execute and embed your strategy.

Jim Collins advocates for strategic advisors in ‘Good to Great’, and Ram Charan, in ‘The Attacker’s Advantage’ summed it up nicely: “CEOs need what professional athletes have: coaches”.



OUR ADVICE

At the beginning capabilities and resources weren't aligned with the company's ambition. By bringing in a "sherpa" to guide, support, and mentor the brand teams, the board strategy got traction and actioned.



Not everyone in your team has experience in executing strategy, and sometimes fresh eyes can not only see this and other challenges but know how to fix them.

Sherpa" Case Study:

To go from base camp to the mountain top, you need a sherpa

Storytelling is great way of framing a problem and finding a solution. One proven construct is the story of the dragon (the problem), the knight (the solution) and the happy ever after (the outcome). This tale involves a media company.

Dragon

- International media, intelligence, and consultancy company.
- The board-level strategy was agreed, however the team lacked experience in drilling down to brand-level strategies or then operationalising them.
- They also had brands with competing operational priorities, with those that shouted the loudest getting the resource.

Knight

- Working with MDs of each of their flagship brands, Positive Momentum created strategic plans, aligned to the company's overall strategy and financial goals.
- These were then operationalised: development roadmaps; simple program management methodologies; prioritisation tools etc.
- These plans dovetailed with the ambition of the board. Those whose shoulders it would fall to execute these plans were bought in and began to work symbiotically to deliver against the overall company strategy.

Happy Ever After

- Revenue up 6%. EBITDA up 25% and on-track to meet their total EBITDA margin goal by the end of the year.
- 11% growth in four key flagship brands, representing 70% of group sales.
- 22% increase in cash surplus.

EMBEDDING STRATEGY

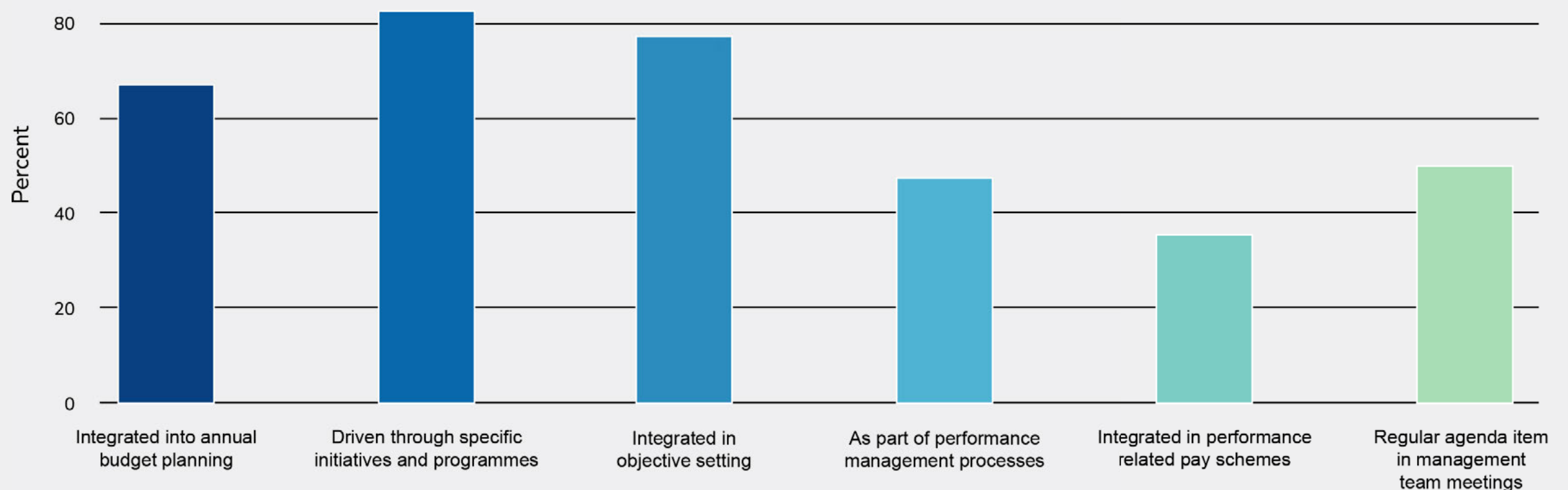
36%

of companies embed strategy by integrating within their performance related pay schemes.

47%

embed strategy as a part of performance management processes.

HOW ELSE IS YOUR STRATEGY EMBEDDED?



Source: Positive Momentum Strategy Survey 2023.

A clear strategy should help everyone in the team make better operational decisions and motivate them to execute the strategic plan.

Amazon is guided by four principles: customer obsession rather than competitor focus, passion for invention, commitment to operational excellence, and long-term thinking. These principles make daily decisions easier. If they don't tick any of these boxes, then don't do it.

Our research has revealed that the embedding of strategy was mostly done through direct measures like new initiatives, projects, and objectives rather than indirect incentives like performance management, team meetings, and pay schemes.

"The thing that makes it difficult is people's targets. Very often a new strategy involves saying to someone that you're not going to hit your budget. We're changing your targets (and your financial incentives). In all my experience in business, this is the hardest thing to do" observes Gus Park.

OUR ADVICE

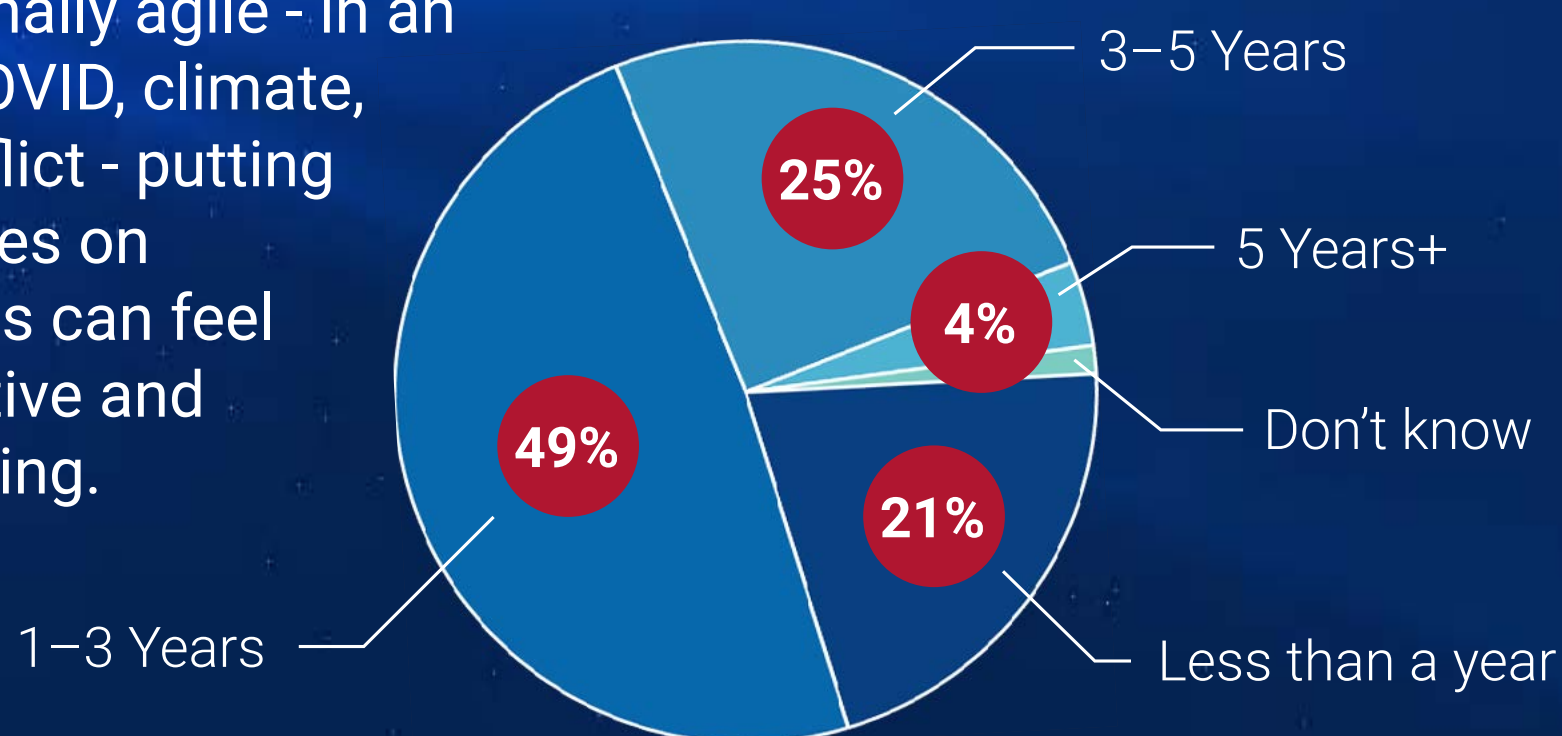
Use performance related pay and performance management processes, to embed and reward the achievement of strategic goals.

Spend as much, if not more time, on embedding your strategy and its critical evaluation, than on devising it. To quote one of the leaders we surveyed:

"Set a plan, align people behind it, measure success, fail fast, and constantly adjust".

FINAL THOUGHT

In our survey of business leaders, we asked how long they had been using their current corporate strategy. Minor refreshes aside, nearly half said 1-3 years. Whilst 21% were in year one of the latest version. Given the need to be strategically flexible and operationally agile - in an era of COVID, climate, and conflict - putting timescales on strategies can feel constrictive and self-limiting.



As Matteo de Renzi points out, ***“strategy needs to change quite often – it’s a live creature, an evolving concept. It shouldn’t have a fixed cadence”.***

Organisations that design strategies around the 3 pillars of stimulus, stories, and stamina will have that flexibility, agility, and resilience built in.

STIMULUS

Fresh thinking, live and richer data, new technology, and accelerated processes will energise your strategy. Reviewed with a frequency that enables you to act before your competitors or regulators, your strategy will drive productivity, innovation, and help deliver a competitive advantage.

STORIES

When strategy is treated as an evolving concept, so your story should be refined and retold at every opportunity. Keep it simple, make it memorable, clarify your points of difference. And make sure it not only aligns with the expectations of every stakeholder but inspires them too.

STAMINA

You can’t do it all and you can’t do it alone. Strategy is about making choices. Delivering it requires a team. Make time each month to strategise. Create processes and budgets that will allow you to allocate resources dynamically. Where you can, build strategic capability internally, lean on those allies that can support you, and use all the levers at your disposal to deliver your strategic goals.

About Positive Momentum.



If you seek a partner who will have credibility with your executive team, the courage to constructively challenge them and a no-nonsense approach based on your current business issues, then please contact us.

Positive Momentum consultants are all former business leaders. We understand your day-to-day because we've lived it. We have no career consultants, no junior teams seeking spurious billing hours and no patience with time-wasting academic exercises.

WE'RE PRACTITIONERS, PRAGMATISTS AND PARTNERS

For Positive Momentum



Lucy Johnson
Partner,
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Phil Rance
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